

**Key Characteristics of the Consumer Electronics
Industry in Sri Lanka
- Managers' and Experts' Perspective -**

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ABSTRACT

The consumer electronics industry is a dynamic industry. Innovations and technology development are the main factors support this dynamic nature. As this industry is dynamic the major elements change with the time it is very difficult to identify them. It has been identified in some other countries but those countries are socially, economically and culturally different from us. There are many differences in our market behavior compared to foreign market. Therefore, branding techniques which are applied in the local market is different to international market. But it is not identified in Sri Lankan context. This paper addresses what are the key characteristics of the Sri Lankan consumer electronics industry because all local market players are not very certain about the key characteristics of their market and it is not a favorable situation for the industry. If market players are certain about the key market characteristics, it is good for distributors and end customers as well. The methodology of this research is a questioner survey and the questions will be Likert Scale-type questions and will apply factor analysis as a statistical test. The questioner has been designed in a way to cover four main aspects of the industry: operation, economic/finance, technical and sustainability. Operations characteristics cover the procurement, order processing, lead time, warehousing, distribution, brand promotion, and sales human resources. Economic/finance characteristics include employment opportunities, profit margins, return on investment, transport cost, payment methods, and import levies credit terms. Quality of products, product durability, and product features, warranty conditions, common spare parts, repair facilities, technically sound staff, and availability of necessary repair equipment are identified as technical characteristics. Sustainability characteristics covers green marketing practices, green warehouses, e-waste management system, 3 R practices, employee training and development, and usage of renewable energy. These questions have designed after reviewing literature and other articles related to this industry. This questioner consists of thirty questions which cover the above mentioned areas. The questioner was forwarded to eighty individuals in the local consumer electronics industry and only fifty seven responses were received, making it have a good response rate .The respondents consist of company Managing Directors , Technical Directors, Board Directors , Heads of after-sales services , Marketing Heads, and Supply Chain Heads and Managers. Most of the respondents are possessing more than ten years of experience. The objective of this research is to identify the key characteristics of the local consumer electronic industry which will help all the interested parties such as

current players, future investors, government authorities and foreign electronic goods manufactures. When we consider an industry, there are various characteristics. Consumer electronics are a specific type of goods which are durable and highly related to the income level of the people, economic level of the country, preferences and consumer segmentation etc. Since income levels and country preferences are different, every country market behaves differently. Characteristics of the market within the local industry are different. This research is mainly focused on understanding about key characteristics specific to the consumer electronic industry with reference to the Sri Lankan consumer electronic industry. The demands for the consumer electronic goods are not a steady one it's a combination of seasonal and the new product launch. Generally there are two seasonal demands one in April and other one in December and in between sales increase when a new product introduce in to the local market.

The target population includes local consumer electronic industry experts, managers and the executive staff. The population of the industry is unknown. Since Sri Lanka is no longer manufacturing consumer electronic goods they purely depend on imported products. There are sole agents/distributors appointed by global manufactures and other parallel importers in the local consumer electronics market. The nature of the current local consumer electronic market structure is highly competitive. Sole Agents and authorized distributors are allowed to import directly form manufactures but any other trader can import from other sources. Unauthorized traders also importing genuine products from authorized distributors in manufacture's country. As an example Sony product can import to Sri Lanka form Sony dealer in Singapore but Sony local authorized distributors can only import from Sony Corporation (Singapore) Private Limited .But Parallel importers there is a cut-throat price war among local distributors between different brands and among the same brand as well. One of the main reasons for this price war is there is more than one local distributor for one brand. This situation leads to an unfair competition resulting from local distributors' profit margins have drastically eroded.

In the recent past most of the renowned brand consumer electronics manufactures set up their representative's office in Sri Lanka in order to look after their brand interest and being involved with brand promoting activities with the collaboration of local distributors. After more than three decade civil war Sri Lankan economy is booming as a result of that demand for consumer electronic activities such as research and development, product design, raw material sourcing and manufacturing products also increased? As the current

customers are very rational and well informed they need to experience the latest technology with latest models, therefore local distributors are trying their level best to increase the inventory turn round. Before new model release to the market local distributors apply plenty of sales promotion activities to clear the old model. Sometimes compelled to dispose with very little margin or at break even. As a business there should be acceptable level of return on investment otherwise better to switch to another business. Most challenging fact is principals are not worrying about distributor's profitability as long as they increase the sales volume and they always push for volumes. Current local consumer electronics industry is only handling importation, distribution and aftersales service because Sri Lanka is no longer manufacture consumer electronic goods. This research is subdivided in to five chapters and those are: Introduction, Literature review, Methodology, Data Analysis and result, Analysis Result and Discussion, Conclusion and future research directions. In conclusion twenty characteristics have been identified as key characteristics in the local consumer electronic market and according to the commonalities these variables have grouped in to nine factors those are: Less contribution to environmental sustainability, Satisfactory Level of Finance assurance and flexibility, Manufactures' interests are inadequate over the local market, less attention to sustainable supply chain practices , Lack of market adoptability, Lack of finance sustainability, Lack of market resilience, Lack of principal's finance support, Difficult to determine optimum level of inventory. According to the final outcome these nine factors have been identified as common factors in the Sri Lankan consumer electronics market. Since local consumer electronic industry involves with downstream supply chain activities, therefore, this research will not cover a significant portion of the upstream supply chain activities.

Keywords: - Dynamic industry, branding techniques, aftersales service, local distributors, key characteristics, highly competitive.

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LIST OF ACRONYMS

TQM	Total quality management
LCD	Liquid crystal display
LED	Liquid emission diode
R&D	Research and development
CAGR	Compound annual growth rate
EEE	Electric and electronic equipment
WEEE	Waste from electrical and electronic equipment
ASEAN	The Association of Southeast Asian Nations
EU	European Union
EuP	Energy using Products
KMO	Kaiser–Meyer–Olkn
EFA	Exploratory Factor Analysis
PCA	Principle Component
FDI	Foreign Direct Investment
LC	Letter OF Credit

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